

Budget Sensitive

Office of the Minister of Education

Chair, Cabinet

DRAFT STRATEGIC PLAN FOR EARLY LEARNING, 2019-29 – RELEASE FOR CONSULTATION

Proposal

1. This paper seeks agreement to the release of the draft Strategic Plan for Early Learning for public consultation. It is proposed that public consultation would take place between 12 November 2018 and 28 February 2019 with the final plan to be released in May 2019.

Executive Summary

2. A high quality early learning system is key to achieving this Government's vision for education which has the wellbeing of learners at the centre, that enables all children to achieve their full potential and that supports their identity, language and culture. It is important that the early learning system supports the aspirations of parents, caregivers and whānau for their children – regardless of their background, learning needs or disability.
3. It is my intention to move to a world-class early learning system that prioritises quality services, equity, and maintains choice for parents, caregivers and whānau. A well-functioning early learning system also supports parents, caregivers and whānau to participate in the labour market which aligns with our broader economic strategy.
4. This Government is committed to ensuring that all children are able to participate in quality early learning as a way to provide them with a strong foundation for future learning, positive wellbeing and life outcomes. In recent years there has been rapid expansion of early learning services, albeit with different levels of growth between service types, which makes it timely to consider the vision and future direction of the early learning sector.
5. To this end, Cabinet agreed to establish a Ministerial Advisory Group (MAG) to advise me on the development of a new 10 year strategic plan for early learning. The MAG has presented me with a draft Strategic Plan for Early Learning (Strategic Plan) by working with a broadly representative Sector Reference Group and with support from the Ministry of Education. I am today seeking your approval for the release of this draft Strategic Plan for public consultation which will run from 12 November 2018 and 28 February 2019. I will seek Cabinet agreement to a final Strategic Plan for release in May 2019.
6. The draft Strategic Plan sets out an overarching vision that 'New Zealand's early learning system enables every child to enjoy a good life, learn and thrive in high quality settings that support their identity, language and culture and are valued by parents and whānau.'
7. To achieve this vision, the draft Strategic Plan outlines five interdependent goals, which set the policy intentions for the next ten years. Within each of the five goals there are 23 proposed actions intended to work together to raise quality, improve equity and enable

choice. The most significant of the recommended actions are the proposals to improve the adult:child ratios, the move towards a 100% qualified teacher workforce in teacher-led centres, and to improve the consistency and levels of teacher salaries and conditions across the early learning sector.

8. This draft Strategic Plan represents an ambitious programme of work over the next ten years which will see some significant changes in the sector, including the increase in demand for qualified teachers. This is why it is proposed that there is a staged approach to implementation to enable effective implementation, including the phasing of funding required, and to enable the sector to respond to the changes and additional workforce demands. The implementation of any of the proposals would be subject to the availability of funding either through reprioritisation from baseline or through the standard Budget process. While there is a risk that some of the proposals may see a reduction in provision in the short term, it is my view that this draft Strategic Plan strikes the right balance between making the changes needed in the sector and the need to calibrate implementation.

Background

9. Participation in quality early learning services can play a critical role in improving child wellbeing and providing children with a strong foundation for future learning and positive life outcomes. In recognition of this fact, the previous Labour-led Government released *Ngā Huarahi Arataki – Pathways to the Future* in 2002. *Pathways to the Future* provided direction for the sector by focusing on increased participation in quality ECE services, improving the quality of ECE services, and promoting of collaborative relationships.
10. Since then, our knowledge about the conditions under which children prosper has expanded and this broader understanding underpins the forthcoming Child and Youth Wellbeing Strategy. There have also been changes in the provision and use of early learning services. Children's participation in early learning settings has grown, with more children attending early learning at younger ages and for longer hours. The Education Review Office has also noted that there continues to be variability in practice across centres which impacts on the quality of provision.
11. The increase in participation has seen a rapid expansion of early learning services, albeit with different levels of growth between service types. For example, home based and education and care services have significantly increased their share of total enrolments while kindergartens and playcentres have decreased their share.
12. Parents, caregivers and whānau in urban centres have more service choice than in 2002, with greater diversity of philosophies, languages and operating approaches now available. These have emerged in response to government policies, changing social and economic contexts, cultural and educational aspirations, and parental values.
13. These changes, in combination with the previous Government's effective discontinuation of *Pathways to the Future* in 2008 before its vision could be fulfilled, led me to gain Cabinet's agreement to establishment and terms of reference for a MAG in April this year. The MAG was established to assist me with developing a new 10 year strategic plan for early learning [CAB-18-MIN-0119 refers]. The Strategic Plan is a key component of my Education Portfolio Work Programme [CAB-18-MIN-0024 refers].
14. I seek a Strategic Plan that reinstates a shared vision and road map for the early learning sector. By doing this I expect the Strategic Plan will actively contribute to all children being able to access genuine opportunities for high quality learning and development. The

Strategic Plan will need to better focus public investment so we have a world-class early learning sector that prioritises quality services, equity of provision and maintains choice for parents, caregivers and whānau.

15. I am aligning the Strategic Plan with the other parts of my Education Work Programme to ensure that all aspects of the system work in an integrated way to ensure success and support the aspirations of children, students, families and whānau. The Strategic Plan will also align with the forthcoming Child and Youth Wellbeing Strategy, and in particular make a significant contribution to outcomes under the 'Children and young people are learning and developing' domain.

The MAG's development of the draft Strategic Plan for Early Learning

16. The MAG has developed a draft Strategic Plan by working with a broadly representative Sector Reference Group and with support from the Ministry of Education. The Reference Group includes members from the Ministry's formal early learning stakeholder group, the Early Childhood Advisory Committee, as well as ECE sector academics. The development of the draft Strategic Plan has been an iterative and collaborative process and I have appreciated the opportunities to engage with the process.
17. The MAG also had access to the findings of the Education Summits and the National Conversation, received public submissions including responses from an online survey on early learning, and undertook targeted stakeholder engagements. The online survey received almost 2,500 responses. The survey summary of these responses provided useful input for the MAG to consider.
18. The MAG has now presented me with its draft Strategic Plan. I am broadly satisfied with the MAG's work and now seek Cabinet's agreement to release it for public consultation before it is finalised early next year

Strategic Plan for Early Learning – 2019-2029

19. The draft Strategic Plan sets out an overarching vision that:

'New Zealand's early learning system enables every child to enjoy a good life, learn and thrive in high quality settings that support their identity, language and culture and are valued by parents and whānau.'

This statement recognises that every child is a precious taonga. It is critical that New Zealand's early learning system treats children as taonga, meaning they should expect to receive consistently high quality experiences in whichever setting is chosen by parents, caregivers and whānau.

20. To achieve the vision, the draft Strategic Plan outlines five interdependent goals, which set the policy intentions for the next ten years. Within each of the five goals there are 23 proposed actions intended to work together to raise quality, improve equity and enable choice. The draft Strategic Plan is attached in Appendix one.

Goal One: Raising quality for children by improving regulated standards

21. The importance of the first 1,000 days of a child's life, particularly for brain development, is well-established. This is why the proposed Child and Youth Wellbeing Strategy has a priority that 'children experience best development in their first 1000 days, safe and positive parenting, birth and responsive parenting'.

22. Optimal development depends on high quality early social and emotional experiences. We know that almost half of the infants and toddlers in New Zealand participate in group-based early learning yet there are reports that provision is of variable quality.
23. The draft Strategic Plan emphasises that regulated standards help to create the conditions for high quality practices and environments within early learning services. This raises the prospect of improved learning and developmental outcomes for all children.
24. Two key proposals I wish to highlight are improvements to adult:child ratios for infants and toddlers, and the move towards a 100% qualified workforce in teacher-led centres. International research indicates that having qualified teachers, at higher ratios, improves the quality and frequency of teacher-child interactions. This is linked to improvements in children's learning and development. However, New Zealand's minimum adult:child ratios for children under 3 years old compares unfavourably to other OECD jurisdictions and international best evidence.
25. We are committed to a 100% qualified workforce in teacher-led centres. Almost 97% of teacher-led centres are in the 80% plus qualified teachers funding band. It is my intention to set the following targets for the move towards a 100% qualified workforce to ensure all children are experiencing the same quality interactions while in teacher-led centres:
- 25.1. 100% of teacher-led services qualifying for the 80%+ funding band by 2022' and
- 25.2. 60% of teacher-led services qualifying for a reinstated 100% funding band by 2022.
26. These two recommendations will almost certainly require significant additional funding and substantial increases in qualified teacher numbers. Due to this impact, the MAG has suggested a staged approach to implementation to allow the sector time to respond and to minimise the fiscal impacts to the changes.
27. The net effect of the recommendations in this Goal, including to increase monitoring of quality standards, may result in a reduction of the number of providers, at least in the short term. This may have some negative effects on labour market participation in the short term; however, it is my view that this is a necessary trade-off to lift the quality of early learning provision. I am interested in the consultation feedback to confirm stakeholder perceptions of the impact on children, families, and whānau particularly in relation to aspects such as labour market participation.

Goal Two: Empowering every child by ensuring they have the resources they need to thrive

28. The draft Strategic Plan is underpinned by the notion of 'equity from the start' and recognises that early learning experiences have considerable power to influence children's life trajectories.
29. This Government is committed to providing all children the best possible start in life. The draft Strategic Plan identifies a particular need to ensure children's learning needs are identified quickly, and responded to in a timely way, including through additional learning support for children and support for family and whānau. This Goal aligns with the draft Disability and Learning Support Action Plan, which has strengthening early intervention services and supports as a key action.
30. I want this plan to support greater equity for children in our education system through funding, tools that support children's learning, and wrap-around social services. The

proposals under this Goal should provide a strong basis for addressing inequities in how early learning provision supports children and their family and whānau. I am particularly interested in the consultation response on the sufficiency of these proposals, given the impact of early learning on a child's lifetime outcomes.

Goal Three: Investing in our workforce for excellence in teaching and in learning

31. The proposals in the draft Strategic Plan to increase adult:child ratios and move towards 100% qualified teachers would require a larger workforce. To support this the draft Strategic Plan promotes an integrated approach to recruit, retain, grow and develop the workforce. Given the importance of early childhood development to long term wellbeing, it is my intention to support our early learning workforce to ensure all early childhood educators have the required skills to support children to achieve their developmental potential.
32. Goal Three contains recommendations aimed at strengthening the workforce including improving the consistency and levels of teacher salaries and conditions across the early learning sector. I expect the work in this space will be integrated with the other workforce-related activity being undertaken by the Ministry, including the development of a workforce strategy that responds to early learning needs.

Goal Four: Planning provision to ensure it is valued, sufficient and diverse

33. This Goal is to plan provision to ensure it is valued, sufficient and diverse. The rapid expansion of some service providers was not contemplated under existing regulatory settings and this is likely to have contributed to doubts about quality in some parts of the sector. This has led to suggestions that service supply has outstripped demand in places or not been the best provision for the needs of parents, caregivers and whānau in an area.
34. To address this, Goal Four proposes better managing choice by increasing the role of the Ministry in determining the entry of providers. Other recommendations include targeting governance and management support at community-based services and revising funding models for non-teacher-led service types such as playcentre.
35. The overall impact of some of the proposals across the draft Strategic Plan may result in an increase in the cost of operation for providers. However, I believe the proposals in this Goal for increased support for certain service types and structures would contribute to raised quality, improved equity and maintenance of parental choice. In particular, actions to co-design appropriate funding models with Te Kōhanga Reo National Trust and the Playcentre Federation offer an opportunity to sustain these highly-valued service types.

Goal Five: Innovating and improving so that the early learning system is continuing to adapt and learn

36. The ability to innovate and improve, by drawing on new ideas and evidence of effective practice, is at the core of effective pedagogy, leadership and delivery of high quality provision. I believe there is currently limited opportunity for services to access innovation expertise and research partners to help facilitate innovation and improvement. The proposed actions under this Goal would help underpin a broad and connected early learning system that can continuously improve in these areas.
37. The MAG also indicated that having the government operate a small number of early learning services with associated research facilities could play a role in creating this

learning system. I believe there is some potential for these services to contribute to our knowledge and understanding of what matters for early learning and child wellbeing; therefore, I have included a proposal to investigate this idea.

Proposed timeframes for implementation

38. The actions in the draft Strategic Plan represent an ambitious programme of work for the next ten years. The MAG has recognised this and proposed a staged approach to the work. This will help enable effective implementation, including the phasing of funding required, and to enable the sector to respond to the additional workforce demands.
39. It is my view that the proposed plan for implementation and targets strikes a good balance between making the changes needed in the sector and the need to calibrate implementation. Phasing the 23 recommendations over the short, medium and longer term also allow time to take into account the range of issues being considered across the Education Work Programme and beyond, including through the Child and Youth Wellbeing Strategy and proposed Employment Strategy, that will impact on children, parents, caregivers and whānau in the early learning sector.
40. The success of these proposals will ultimately depend on how the sector responds. I am, therefore, especially interested in what the views of the sector and other stakeholders are on implementing the proposed plan.

Implications for the early learning workforce

41. Implementing the draft Strategic Plan will almost certainly require substantial increases in qualified teacher numbers, with the proposed improvements to the adult:child ratios and proportions of qualified teachers placing the biggest demands on the workforce. There is a risk that there will not be enough qualified teachers to meet the demand arising from these proposals. The pressure for qualified teachers may increase inequity between high and low socio-economic groups in the short term as those services in higher socio-economic areas may be able to more readily attract additional qualified teachers due to their ability to offer better pay and conditions financed by charging higher fees to wealthier parents.
42. The draft Strategic Plan proposes a stepped implementation to mitigate this risk. This involves making provider take-up of policies voluntary and incentivised by funding in the first instance. This would be followed by regulation once the system demonstrated sufficient capacity, as well as staggering the timing for when policies would start. This is similar to the approach applied for *Pathways to the Future*, where workforce initiatives provided some improvement to teacher supply but most demand was met over time as the market signalled a need for more qualified teachers.
43. I consider other recommendations regarding workforce, including options aimed at ensuring more consistent pay and conditions, are important for the capability and capacity of the workforce. They will help ensure teaching in the early learning sector is an attractive option for those already teaching and for others considering studying to teach.

Process for consultation and finalising the Strategic Plan

44. It is my intention, subject to Cabinet's agreement, to release the draft Strategic Plan for public consultation from 12 November 2018 to 28 February 2019. The focus of the consultation will be on the goals and accompanying recommendations, their priority and consideration for implementation. The Ministry will conduct a survey and hold

approximately 45 hui across the country during late November and early December to provide the opportunity for people to discuss and provide feedback.

45. Following consultation, I intend reviewing the draft Plan in light of feedback received before I seek Cabinet approval of the final Strategic Plan in May 2019. This stage will include final consultation with the MAG and Sector Reference Group.

Consultation

46. The Treasury, The Department of the Prime Minister and Cabinet, State Services Commission, Ministry of Social Development, Ministry of Health, Ministry of Business, Innovation and Employment, Oranga Tamariki–Ministry for Children, Ministry for Women, Te Puni Kōkiri, Ministry for Pacific Peoples, Tertiary Education Commission, New Zealand Qualifications Authority and Education Review Office have been consulted on this paper.
47. The Treasury agrees that there is a need to improve quality and equity in the early learning system. While some of the proposals in the draft Strategic Plan for Early Learning are likely to have a positive impact on educational quality, a number of proposals are unlikely to effectively address the Plan's objectives. There is also a significant risk of unintended impacts on labour market participation and equity. To ensure that Ministerial decision making and the consultation are fully informed, the Treasury considers that further work is needed on the case for, value and relative priority of the policy proposals presented in the paper.

Financial Implications

48. s 9(2)(f)(iv) [REDACTED]
49. There are a number of other recommendations within the draft Strategic Plan that have the potential for significant fiscal implications. While it is too early in the consultation process to fully cost all proposals, the proposals with the most significant financial impact are:
- 49.1. improving adult:child ratios,
 - 49.2. more consistent pay and conditions, and
 - 49.3. moving towards a 100%qualified workforce in teacher-led centres.
50. Incentivising adult:child ratios for those under 2 to a ratio of 1:4 could have a fiscal impact of approximately \$35 million per annum. This would rise to approximately \$140 million per annum to include an incentive of a ratio of 1:5 for 2 year olds. The Ministry has undertaken some initial analysis on the likely impact of ensuring more consistent pay and conditions across the early learning sector which has indicated the impact could be in the order of \$130 million per annum.
51. For the remainder of the recommendations Ministry officials estimate the cost could add another approximately \$170 million across the forecast period if all the options were to be progressed. The total across the full life of the Strategic Plan could be anywhere up to

\$3.5 billion across the ten years if all recommendations were to be progressed on an ambitious schedule. However, I do not intend following a set implementation timetable but, rather, progressing higher priority initiatives first as funding and fiscal conditions allow. It is worth noting that it has not been possible to cost all of the proposals in the draft Strategic Plan at this stage, so the true fiscal impact of the full plan is uncertain. I would seek approval for any funding associated with recommendations in the final Strategic Plan as part of the standard future Budget processes.

52. There is the possibility that the recommendations in the draft Strategic Plan will increase the cost of operating for early learning services, which may result in a reduction in the services available or some services passing on this cost through increases in fees to parents. I am interested to hear the views of the sector through the consultation on what they see as being the likely impact for them from the proposals in the draft Strategic Plan.

Legislative Implications

53. Recommendations arising out of the final Strategic Plan are likely to require changes to the Education (Early Childhood Services) Regulations 2008 and the Education Act 1989. I will provide Cabinet with an analysis of legislative implications as changes are confirmed.

Impact Analysis

54. I intend to report back to Cabinet on the results of consultation and to seek approval to a final Strategic Plan in April 2019. As part of this report back I intend to outline the relative costs and benefits of the proposals. A regulatory impact assessment will accompany this paper if required.

Human Rights

55. There are no human rights implications arising from this paper. The proposals within the draft Strategic Plan support Article 29 of the UN Convention on the Rights of the Child, that education be directed to the development of the child's personality, talents, and mental and physical abilities to their fullest potential. The proposals within the draft Strategic Plan will also support parents' rights to participate in paid employment regardless of age, gender, disability or ethnicity.

Gender Implications

56. The early learning workforce is predominantly female (approximately 97%). The draft Strategic Plan's action to improve the pay and working conditions of the early learning workforce would therefore positively affect women. The Review of Home-based ECE also has proposals to improve educators' pay, which would also positively affect women.
57. Early learning services play an important role in facilitating women's labour force participation. The draft Strategic Plan has a focus on raising quality, which may mean a reduction in poor quality services in the short term. This could negatively affect women's labour market participation in the short term, though would have longer term benefits for their children. The Review of Home-based ECE proposals have a similar direction in raising quality, which could have similar short-term impacts as the Strategic Plan.

Treaty of Waitangi implications

58. I am aware that policy changes arising from *Pathways to the Future* were at least partly responsible for the claim taken by Te Kōhanga Reo National Trust to the Waitangi

Tribunal in 2011. Work currently being led by the Minister for Crown/Maori Relations is focusing on responding to the issues and recommendations canvassed by the Tribunal. I am open to the possibility that kōhanga reo have more distinct recognition within the early learning sector for its particular set of roles and aspirations.

59. Considerable care will be needed as policy is developed around each recommendation to ensure that due regard is given to principles of active protection and equity for Māori.
60. The transition period of some of the Strategic Plan's actions may increase inequity between high and low socio-economic groups in the short term. For example, incentivising 100% qualified teachers through higher funding may draw teachers away from services in low socio-economic areas. In general, services in low socio-economic areas have greater difficulty recruiting and retaining teachers when demand increases above available supply. This could disproportionately affect Māori, as well as Pacific Island and refugee communities, who are overrepresented in low socio-economic areas.

Disability Perspective

61. The Ministry of Education will engage with groups representing children with disabilities, and will also link in with results of consultation for the Disability and Learning Support Action Plan, to understand how the proposed policy changes may affect children with disabilities.

Publicity

62. I intend to publicly announce the launch of the consultation period which will be accompanied by a press release.

Proactive Release

63. I intend to proactively release this Cabinet paper alongside the draft Strategic Plan. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Recommendations

The Minister of Education recommends that the Committee:

1. **note** that on 3 April 2018, Cabinet agreed to the scope and process for the development of a ten year strategic plan for early learning
2. **note** that the Ministerial Advisory Group have developed a draft Strategic Plan for Early Learning using a wide range of sources and working alongside a broadly representative Sector Reference Group
3. **note** that the draft Strategic Plan aligns with the forthcoming Child and Youth Wellbeing Strategy
4. **note** that the draft Strategic Plan consists of the below five interdependent goals which set the policy intentions for the next ten years:
 - 4.1. raising quality for children by improving regulated standards
 - 4.2. empowering every child by ensuring they have the resources they need to thrive

- 4.3. investing in our workforce for excellence in teaching and in learning
- 4.4. planning provision to ensure it is valued, sufficient and diverse
- 4.5. innovating and improving so that the early learning system is continuing to adapt and learn
- 5. **note** that there are 23 proposed actions, along with timeframes for implementation, within these five goals that aim to raise quality, improve equity and enable choice
- 6. **approve** the release of the draft Strategic Plan discussion document to support public consultation
- 7. **note** that I intend public consultation on the draft Strategic Plan to start on 12 November 2018 and run until 28 February 2019
- 8. **agree** to delegate to the Minister of Education the power to make editorial changes and enhancements to the draft Strategic Plan
- 9. **note** that, when I intend to seek agreement from Cabinet to the final Strategic Plan in May 2019, I will also report back to Cabinet on:
 - 9.1. the outcome of public consultation and how it will inform my policy proposals
 - 9.2. the relative costs and benefits of the proposals that I intend to seek agreement to
 - 9.3. the estimated fiscal costs and regulatory impacts of the proposals
- 10. **note** that funding for any proposals will be sought in future Budget processes alongside other Government priorities, if costs cannot be met from within baselines.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education